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From:

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To:

Cc:

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If the partner is not subject to TEFRA, no second level exists. If one of the partners' is a pass-thru entity as defined under section 6231(a)(9)(including a nominee), however, the partnership automatically becomes subject to TEFRA. See Rev. Rul 2004-88. If that is your situation, or if TEFRA applies because the partnership elected out of the small partnership exception, then I agree that we should follow duplicate procedures as the most conservative approach. If the corporation was not claimed as a nominee, however, and no TEFRA election was made, this most likely is a non-TEFRA adjustment. See also I.R.C. 6231(g)(Service's reasonable reliance on the partnership return to determine that TEFRA procedures do not apply shall be dispositive).